

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate Commission
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POSTAL RATE AND FEE CHANGES, 2005)

Docket No. R2005-1

AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS
ADDITIONAL INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS ABDULKADIR M. ABDIRAHMAN (ABA&NAPM/USPS-T21-56-62)
(June 9, 2005)

Pursuant to sections 26 and 27 of the Postal Rate Commission rules of practice, American Bankers Association and National Association of Presort Mailers hereby submit these joint interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

If data requested are not available in the exact format or level of detail requested, any data available in (1) substantially similar format or level of detail or (2) susceptible to being converted to the requested format and detail should be provided.

Responses to requests for explanations or the derivation of numbers should be accompanied by workpapers. The terms "workpapers" shall include all backup material whether prepared manually, mechanically or electronically, and without consideration to the type of paper used. Such workpapers should, if necessary, be prepared as part of the witness's responses and should "show what the numbers were, what numbers were added to other numbers to achieve a final result." The witness should "prepare sufficient workpapers so that it is possible for a third party to understand how he took data from a primary source and developed that data to achieve his final results." Docket No. R83-1, Tr. 10/2795-96.

Respectfully submitted,

AMERICAN BANKERS ASSOCIATION
NATIONAL ASSOCIATION OF PRESORT MAILERS

Henry A. Hart, Esq.
Reed Smith LLP
1301 K Street N.W.
Suite 1100 - East Tower
Washington, DC 20005
Ph: 202-414-9225
Fax: 202-414-9299
Counsel for National Association
of Presort Mailers

Irving D. Warden
Assoc. General Counsel
American Bankers Association
1120 Connecticut Ave., NW
Washington, DC 20036
Ph: 202-663-5027
Fax: 202-828-4548
Counsel for American Bankers
Association

ABA&NAPM/USPS-T21-56

- a. Please confirm that in MC95-1, based on its cost models, the USPS proposed an initial “prebarcode” discount for the then-new basic automation rate of 5 cents.
- b. Please confirm that in its O&RD, the Commission set the basic automation discount at a much higher level of 5.9 cents, or 0.9 cents higher than your proposed discount.
- c. Please confirm that in MC95-1, based on its cost models, the USPS proposed a 3 Digit Presort discount of 7 cents.
- d. Please confirm that in its O&RD, the Commission set the 3 Digit Presort discount at a lower level of 6.6 cents, or 0.4 cents lower than your proposed discount.
- e. Please confirm that in MC95-1, based on its cost models, the USPS proposed an initial 5 Digit Presort discount of 8.5 cents.
- f. Please confirm that in its O&RD, the Commission set the 5 Digit Presort discount at a lower level of 8.2 cents, or 0.3 cents lower than your proposed discount.
- g. In light of your answers to a. – f. above please confirm that the net impact of the Commission’s changes to your proposed worksharing rates was to emphasize barcoding more and presorting less.

ABA&NAPM/USPS-T21-57

In light of the Commission’s overall changes to worksharing discounts recommended by the Postal Service in MC95-1, please confirm that the relative price signals the Commission sent to mailers compared to the price signals you proposed to send discouraged avoiding costs by presorting.

ABA&NAPM/USPS-T21-58

In your answer to ABA&NAPM/USPS-T21-20 b-c., you state “My understanding is that MODS data for 3 Digit mail is not available.” What was being referenced in the question was not MODS data for the 3 Digit Presort prebarcode rate category, but the full current listing for the 3 digit operation codes within each MODS cost pool. Please answer the original question with the side by side comparisons for 3 Digit Presort prebarcode FCLM and 3 Digit Presort prebarcode Standard A Regular letter mail.

ABA&NAPM/USPS-T21-59

In your answer to ABA&NAPM/USPS-T21-22, you state “Also, my understanding is that mail processing and delivery costs are not provided at the 3-digit operational level.”

- a. What do you mean by “3-digit operational level”? What was referenced in the question was the operation codes for MODS cost pools which are identified with 3 numbers in front of the operation codes name. With this clarification, please answer the question.
- b. Please confirm that in your answer to a., where you state you are using “the cost pools for metered mail”, that in fact you are using a “First Class single piece metered letters” unit cost measurement, which label appears explicitly in row 47 of USPS Witness Smith’s TY2006 spread sheets in LR-K-53, page VI-, 4 of 4.
- c. With respect to your answer to b.-d., the questions are perfectly clear, and the references to two library references do not answer the questions. Please state whose responsibility it is, or was as the USPS witness in this case, to reclassify cost pools, for example, from worksharing related proportional to worksharing related fixed, or worksharing related fixed to nonworksharing related. If that was your responsibility, as it was USPS witness

Miller's in R2000-1 and R2001-1, please answer the questions. If it was not your responsibility, please redirect this question and have that witness answer the questions.

ABA&NAPM/USPS-T21-560

In your answer to ABA&NAPM/USPS-T21-23, you simply restate the question in your answer. WHAT FACTOR(S) explain the notable decline in MODS productivity for the operations noted in the interrogatory?

ABA&NAPM/USPS-T21-61

In your answer to ABA&NAPM/USPS-T21-26 a., you state "BMM is the benchmark in this case".

- a. Please confirm that unlike R2000-1, no USPS witness has made any effort to create a unit mail processing cost estimate for "F-C Single Piece Bulk Entered Metered Letters", which was row 45 in USPS witness Smith's spread sheet from LR-J-81, TY Letters (4), page VI- 4 of 4, in R2000-1.
- b. Please confirm that empirically you are in fact using mail processing unit costs for single piece metered letters as the benchmark in this case. If you can not confirm this, explain what you are using as the relevant benchmark.

ABA&NAPM/USPS-T21-62

In your answer to ABA&NAPM/USPS-T21-27, you cite a Commission statement from R2000-1 that "BMM letters is the mail most likely to convert to worksharing."

- a. Are you aware that the RCR read rates for processing single piece letters have increased substantially since R2000-1 due to better camera technology, and that compared to R2000-1, the "calculated total" TY unit mail processing costs for single piece letters has dropped in USPS witness Smith's spread sheets from 12.3 cents in R2000-1 (see LR-I-81) to 11.421 cents in this case (see LR-K-53).
- b. Are you aware that presort bureaus and worksharing mailers also use the improved camera technology that has enabled more successful RCR read rates, and less manual keying in of OCR machine-unreadable addresses?
- c. Please confirm that the difference in unit mail processing costs has shrunk dramatically between BMM/single piece metered and other single piece letters in USPS witness Smith's above referenced TY spreadsheets between R2000-1 and R2005-1, namely from 114.2% of the single piece unit cost (using the s. p. metered letter as reference) in R2000-1 to only 104.7%.
- d. With the cost of processing all single piece letter mail in First Class rapidly converging to the costs of processing metered mail, what practical relevance does any metered mail benchmark (whether bulk or non-bulk) have any longer as a benchmark?
- e. Assuming presort bureaus had equitable access relative to the Postal Service for all collection box mail, including blue boxes, residential mail boxes and other pick-up sources for First Class single piece letter mail, and assuming the costs of sorting BMM and other single piece mail were basically equivalent, please confirm that BMM would be no more likely to "convert to worksharing" than any other First Class single piece letter mail. If you do not confirm please fully explain your answer, including but not

limited to a full economic explanation of why the apparent changes in, and convergence of, the relative costs of processing metered versus other single piece letter mail would not act as a strong economic signal for presort bureaus to process USPS collection box mail as willingly as BMM.